

LBP 1,500 BILLION 7-YEAR TREASURY-BOND ISSUANCE DUE 2017

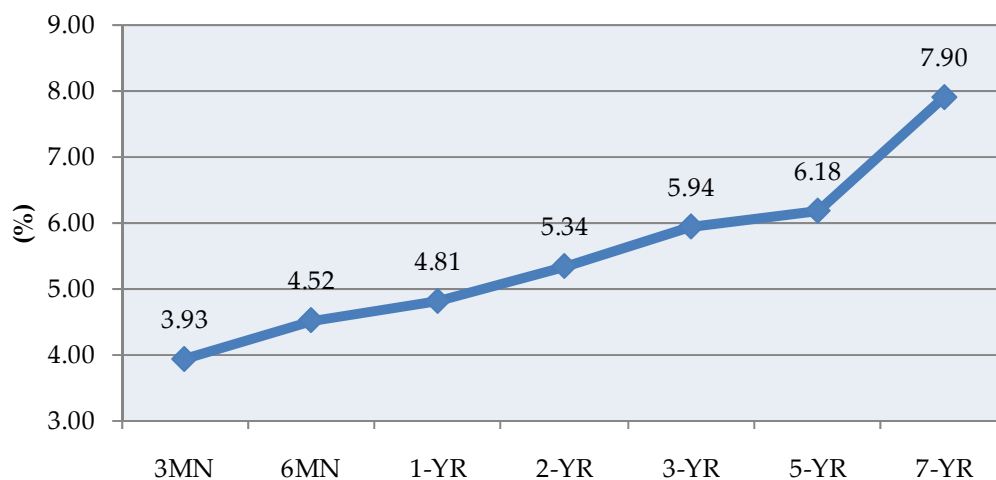
On December 17th, 2010, the Lebanese Republic introduced a seven-year Treasury Bond to the domestic currency market by issuing a LBP 1,500 billion offering under its LBP 10 trillion Medium-Term Note Program (Series 2). The bond was issued with a coupon of 7.90 percent with an oversubscribed deal that included international investor participation. Byblos Bank was the lead manager for the transaction following a request for proposal process with Lebanese banks. The bonds are listed on the Beirut Stock Exchange and provide settlement through Midclear and Euroclear.

This is the second series issued under the LBP MTN Program. The first series was issued in March 2006 with the introduction of a five-year Treasury Bond with an issuance of LBP 400 billion at a coupon rate of 9.375 percent.¹ The issuance of both series is in line with the objectives of the Ministry of Finance to:

- Lengthen the average time to maturity of Lebanon's existing portfolio of LL denominated debt
- Create a yield curve in LL through the creation of a market for medium term notes
- Promote the development of a liquid and active LL debt market

The proceeds of the seven-year issue were utilized for refinancing operations. This LBP transaction performed on international capital markets is the third successfully undertaken by the Lebanese Republic in 2010 following two issues in USD: On March 9, 2010, the Republic issued a ten-year US\$ 1.2 billion Eurobond at par with a coupon of 6.375 percent; on November 12, 2010, the Republic issued a US\$ 725 million dual-tranche Eurobond offering consisting of a US\$ 500 million November 2018 5.15 percent coupon and a US\$ 225 million 6.10 percent coupon Eurobond due October 2022.¹

LBP Treasury Bill and Notes Yield Curve - As of 15 December 2010



¹ For more information about these issues, kindly refer to the transaction brief notes available <http://www.finance.gov.lb/Public+Finances/Public+Debt/#> and titled "Eurobond and Other Debt Transactions Concluded in March-April 2006", "New Issue: 6.375% USD note due March 2020" and "New Issue: 5.15 percent USD note due November 2018 and 6.10 percent USD note due October 2022".



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Terms and Conditions of the Issuance

Series	2
Issue size (in LBP)	1,500,000,000,000
Issue date	December 17, 2010
Maturity	December 18, 2017
Coupon rate	7.90%
Coupon payment	Semi-annual
Principal payment	Bullet payment at maturity
Issue Price	100.00%
Re-offer Yield	7.90%
ISIN code	XS0571490944
Re-offer Spread on 15 December, 2010*	UST + 5.024%
Benchmark Bond on 15 December, 2010*	UST 7 year
Benchmark Yield on 15 December, 2010*	2.876%)
Lead Manager	Byblos Bank

*Pricing date.



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